

STATE OF HAWAII

Accounting Manual

Volume II: Budgetary Control Accounting  
Part 300 - 500: Expenditures

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SECTION 421: OVERVIEW

1. General Description. This section contains an overview of the encumbrance procedures for accounting for contract and claims (non-contract) encumbrances. The overview includes a general description of these accounting activities that are further described in Part 400 of this manual.
2. Accounting Process for Encumbrances. The accounting process for encumbrances encompasses both contract encumbrances and claims encumbrances. Whereas the accounting activities for contract encumbrances are performed on a daily basis both by departments and agencies and by DAGS Accounting Division, the accounting for claims encumbrances is performed on a daily basis only at the departmental level, with the routine recording of such accounting transactions in summary into the State's central accounting records only at quarter-end and year-end. Policies and procedures under which both broad categories of encumbrances may be processed and recorded in the central accounting records are prescribed by the Comptroller.
3. Encumbrance Adjustments. The recording of encumbrance adjustments includes:
  - (a) Reduction of Encumbrances.
  - (b) Transfer of Encumbrances.
  - (c) Encumbrances for Federal Share of Program Costs.
  - (d) Non-routine Error Corrections and Adjustments.
4. Recording of Encumbrances. The accounting records maintained for encumbrance transactions include:
  - (a) CONTRACT LEDGER.
  - (b) APPROPRIATION/ALLOTMENT LEDGER.
  - (c) GENERAL LEDGER.
5. Reporting of Encumbrances.
  - (a) For departmental requirements, the APPROPRIATION AND EXPENDITURES REPORT prepared by DAGS Accounting Division is distributed to departments and agencies on a quarterly basis. The explanation and sample of this report are in Part 500 of the expenditure section of this manual.

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(b) For those departments using the computer-based encumbrance and vouchering system referred to as "SWAS", the following reports are distributed to departments and agencies:

(1) Daily.

- ENCUMBRANCE REGISTER, REPORT 132

(2) Monthly.

- OUTSTANDING ENCUMBRANCES EXCLUDING CONTRACT ENCUMBRANCES,  
REPORT 130

- ENCUMBRANCE STATUS, REPORT 135